

# HIGHLIGHTS

October 1, 2017–March 31, 2018 Volume 79

## A Message from the Inspector General

This *Highlights* edition presents a summary of selected activities, accomplishments, and concerns reported in the Office of Inspector General's (OIG's) *Semiannual Report to Congress* for the six-month period ending March 31, 2017. During this reporting period, the OIG issued 14 audit and other reports that, among other things, recommended that \$83.3 million in funds be put to better use and questioned \$1.4 million in costs. The OIG's investigative work also yielded impressive results, with a total of 165 indictments, 108 convictions, and more than \$24.5 million in monetary accomplishments.

I look forward to continuing to work constructively with the Department and Congress on our shared goals of identifying improvements to U.S. Department of Labor (DOL) programs and operations, and protecting the interests and benefits of workers and retirees.

Scott S. Dahl, Inspector General

## Selected Statistics

Investigative monetary accomplishments	\$24.5 million
Investigative cases closed/reports issued	126
Investigative cases opened	116
Investigative cases referred for prosecution	101
Investigative cases referred for administrative/civil action	39
Indictments	165
Convictions	108
Statutory debarments	15
Audit and other reports issued	14
Total questioned cost	\$1.4 million
Funds put to better use	\$83.3 million

## Employment and Training Programs

### Foreign Labor Certification Programs

The Employment and Training Administration (ETA) administers a number of foreign labor certification programs (FLC). These programs allow U.S. employers to employ foreign workers to meet American worker shortages. Our FLC investigative accomplishments for this reporting period include the following:

- A Virginia business owner was sentenced to 28 months in prison and ordered to forfeit \$15 million for his role in a scheme to defraud the H-1B visa program.
- A former Texas school district executive was sentenced to 24 months in prison and ordered to pay more than \$315,000 in restitution for his leading role in an employment-based visa fraud conspiracy.

### Job Corps

The Job Corps program provides education, training, and support services to more than 50,000 disadvantaged, at-risk youths, ages 16–24, at 119 Job Corps centers nationwide, both residential and nonresidential. Highlights of our work in this area include the following:

- In a follow-up report, our work revealed several actions had been taken to mitigate violence, drugs, and other student misconduct in the Job Corps program. However, more needs to be done to ensure centers comply with Job Corps' policy, including implementing staffing plans for continuous oversight, establishing standard operating procedures to formalize the oversight, and maintaining records showing the deficiencies identified and the respective centers' corrective actions.
- Our audit of the Job Corps training program revealed Job Corps could not demonstrate that it had assisted participants in finding jobs for 94 percent of the placements in the reviewed sample. Job Corps needs to ensure its contractors provide effective and documented placement services, require them to identify and record participants' prior employment work history, and use that information to evaluate training and placement.

### YouthBuild

The YouthBuild program provides educational and job training opportunities for low-income people ages 16–24 to work toward their general education development (GED) or high school diploma, learn job skills, and serve their communities by building affordable housing. Highlights of our work in this area include the following:

- In our audit to determine whether YouthBuild grantees provided training and services that resulted in participants receiving a measurable benefit, we estimated grantees spent about \$12.6 million in funds that could have been put to better use. Furthermore, if ETA were to reclassify the 1,155 participants who left the program without a measurable benefit as unsuccessful exits, its reported successful exit rate would decrease from 82 percent to 77 percent.

### Employment and Training Administration Programs

ETA provides employment assistance, labor market information, and job training through the administration of programs authorized by the Workforce Innovation and Opportunity Act for adults, youth, dislocated workers, and other targeted populations. Our investigative work during this semiannual period included the following:

- The executive director of a Los Angeles nonprofit was sentenced to 6 years in state prison and ordered to pay more than \$10 million in restitution along with her accomplices for their roles in embezzling and misappropriating millions of dollars in public funds, which included Workforce Investment Act funds.

## Worker and Retiree Benefit Programs

During this reporting period, we issued audits and completed investigations involving worker and retiree programs, including the Federal Employees' Compensation Act (FECA) benefit program and the Unemployment Insurance (UI) program. Highlights of our work in these areas include the following:

### FECA Program

- A Kentucky otolaryngologist agreed to pay approximately \$2.79 million to settle claims of alleged improper billings under FECA.
- A husband and wife from Western New York were sentenced to 32 months in prison and 36 months of probation, respectively, for the fraudulent receipt of more than \$1.2 million in FECA and U.S. Department of Veterans Affairs disability compensation benefits between 2006 and 2017.

### UI Program

- Two California residents pled guilty for their roles in a scheme to fraudulently obtain \$1.3 million in UI benefits from the California Employment Development Department.
- A husband and wife from Tennessee were sentenced to 116 and 29 months in prison, respectively, for conspiracy, mail fraud, money laundering, and aggravated identity theft charges related to a UI fraud scheme.

## Worker Safety, Health, & Workplace Rights

### Wage and Hour Programs

The Wage and Hour Division is responsible for enforcing labor laws related to minimum wage and overtime pay, prevailing wages, child labor, family and medical leave, and migrant workers, among others. Our work during this reporting period included the following:

- A Virginia trucking company entered into a civil settlement agreement in which it must pay approximately \$1 million for violating the False Claims Act.
- Two Georgia contractors were sentenced to 96 months in prison and ordered to pay a fine of \$75,000 for falsifying certified payroll documents from their drywall contracting company.

## Labor Racketeering

The OIG conducts investigations into labor racketeering activities involving labor unions, employee benefit plans, and labor-management relations. During this reporting period, we completed labor racketeering investigations that yielded impressive results. Examples include the following:

- A Pennsylvania man was sentenced to 41 months in prison for the embezzlement of union funds and ordered to pay more than \$2.3 million in restitution.
- An Illinois businessman was sentenced to 3 months in prison and ordered to pay \$1.3 million in restitution for making false statements on forms required by the Employee Retirement Income Security Act (ERISA).
- A former IBEW Local 876 employee was sentenced to 48 months in prison and ordered to pay restitution of more than \$300,000 for her involvement in a scheme to defraud the union.

## Departmental Management

**The OIG conducts audits related to the Department's management of its procurement activities, information technology systems, and financial systems. Examples of our work during this reporting period include the following:**

- Our review of the Secretary's travel found the Department complied with federal laws, regulations, policy, and procedures for all 21 official government trips.
- Our audit of DOL's purchase card program found the Office of the Assistant Secretary for Administration and Management had established adequate controls, but DOL component agencies did not implement these controls consistently.
- As part of our FY 2017 Federal Information Security Management Act (FISMA) work, we reported that DOL's information security program was not effective for FY 2017. We reported 33 findings across the security control areas of identity and access management, configuration management, contingency planning, and incident response.

## Legislative Recommendations

**The Inspector General Act requires the OIG to review existing or proposed legislation and regulations, and to make legislative recommendations in the Semiannual Report. The OIG continues to believe that the following legislative actions are necessary to increase efficiency and protect the Department's programs:**

- Allow the OIG direct access to the National Directory of New Hires (NDNH) records to better detect overpayments to UI claimants who have returned to work but continue to collect UI benefits.
- Adopt the legislative proposals the Department has submitted that would improve UI program integrity and reduce improper payments. The proposals are consistent with previous OIG findings and recommendations relating to UI improper payments.
- Provide DOL with the authority to ensure the integrity of the FLC process, including the ability to verify the accuracy of information provided on labor condition applications.
- Amend pension protection laws by expanding the authority of the Employee Benefits Security Administration to require the correction of substandard benefit plan audits; repealing ERISA's limited-scope audit exemption, which prevents public accountants who audit pension plans from rendering an opinion on the plans' financial statements; requiring direct reporting of ERISA violations to DOL; and strengthening the criminal penalties in Title 18 of the U.S. Code.
- Consider reforms designed to improve the effectiveness and integrity of the FECA program by providing statutory access to Social Security wage records and NDNH; establishing a 3-day waiting period at the beginning of the claim process; allowing the temporary suspension of questionable medical providers; and setting drug price limitations.
- Clarify the Mine Safety and Health Administration's authority to issue mine closure orders.

## OIG Hotline

The OIG Hotline is open to the public and to federal employees 24 hours a day, 7 days a week to receive allegations of fraud, waste, and abuse concerning DOL programs and operations.

**Phone: 202.693.6999 or 800.347.3756 | Fax: 202.693.7020 | Website: [www.oig.dol.gov](http://www.oig.dol.gov)**